

**COMMISSION DIRECTIVE**

ADMINISTRATIVE MATTERS	<input type="checkbox"/>	DATE	<u><b>August 15, 2007</b></u>
MOTOR CARRIER MATTERS	<input type="checkbox"/>	DOCKET NO.	<u><b>2005-191-E</b></u>
UTILITIES MATTERS	<input checked="" type="checkbox"/>		<u></u>

**SUBJECT:**

DOCKET NO. 2005-191-E - Generic Proceeding to Explore a Formal Request for Proposal for Utilities That are Considering Alternatives for Adding Generating Capacity - Discuss this Matter with the Commission.

**COMMISSION ACTION:**

The Commission heard testimony in Docket Number 2005-191-E on October 26, 2005. Testimony in that docket revealed a number of factors which would support a mandatory Request For Proposal (RFP) for new generation as well as a number of factors which would suggest a mandatory RFP is not necessary.

About one third of other states have competitive power procurement rules. Of the states with such rules, some states require an independent evaluator, others do not. Some require RFPs for repowering projects, life extension projects and efficiency improvements at existing facilities, others do not. Some regulatory bodies actually approve the selection for new generating capacity, while others acknowledge the selection without formal approval. The neighboring states of Georgia and Florida require an RFP when considering new generating capacity. North Carolina does not.

Mr. Chairman, I recognize the need for our regulated electric utilities to maintain a diverse generation mix and appropriate fuel diversity. I also recognize the Commission holds the utilities responsible for maintaining reliable, economical electricity supplies in their respective service areas. I am also mindful of recent financial difficulties experienced by some merchant generators as well as the possible issues with getting power from a merchant plant to the utilities' electric grids.

Also, I do not want to risk the current levels of reliability and the relative low cost of electricity enjoyed by consumers in our state. I believe those risk increase as the mandatory RFP discussion moves from peaking capacity to intermediate capacity, to baseload capacity requirements. However, like some of the witnesses who testified at the hearing, I believe there would be benefit in testing the market for available generation as an option to a utility self-build proposal.

Mr. Chairman, I have a proposal which I believe will allow us to test competitive generation procurement opportunities without jeopardizing reliability or cost. To that end, I move that the Commission require South Carolina's regulated electric utilities to issue RFPs to fill new **PEAKING** generation requirements only. I would propose some broad guidelines which would include:

- Regulated electric utilities would be allowed to bid on their own RFPs. However, once the RFP criteria and relative weights are set for a specific generation requirement, they are not to be changed for that specific requirement;
- An RFP is **NOT** required if another RFP has been issued within the previous 18 months;
- An independent bid evaluator is **NOT** required; however, a bidder may request ORS perform an audit of the process. The Commission may request that ORS be a party to the bid evaluation process;
- The utility must justify its selection and the ORS and the utility will certify the fairness and transparency of the process;
- The Commission may overrule the selection for good cause.

I further move that a workshop be scheduled as soon as practicable to hear from our regulated utilities and other interested parties on how best to structure the process to implement this requirement, consistent with the broad guidelines stated above. Once the workshop is held, the Commission will consider this matter further.

PRESIDING

Hamilton

Session: Regular

Time of Session 2:30 PM

MOTION YES NO OTHER

CLYBURN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
FLEMING	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Absent
HAMILTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HOWARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
MITCHELL	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
MOSELEY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WRIGHT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Absent

APPROVED \_\_\_\_\_  
APPROVED STC 30 DAYS \_\_\_\_\_  
ACCEPTED FOR FILING \_\_\_\_\_  
DENIED \_\_\_\_\_  
AMENDED \_\_\_\_\_  
TRANSFERRED \_\_\_\_\_  
SUSPENDED \_\_\_\_\_  
CANCELED \_\_\_\_\_  
SET FOR HEARING \_\_\_\_\_  
ADVISED \_\_\_\_\_  
CARRIED OVER \_\_\_\_\_  
RECORDED BY SCHMIEDING

Commissioner Fleming was on Annual Leave

Commissioner Wright was attending the National Judicial College in Lake Tahoe, NV at the Utility Regulatory Adjudication Course